



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

AUG 23 2005

REPLY TO THE ATTENTION OF
(AR-18J)

Mr. Paul Dubenetzky
Permits Branch Chief
Office of Air Quality
Indiana Department of Environmental Quality
100 North Senate Ave.
Indianapolis, Indiana 46204

Dear Mr. Dubenetzky:

The United States Environmental Protection Agency (USEPA) has been reviewing the proposed construction permit modification for ISG Burns Harbor (ISG) in Porter County (permit no. 127-19945-00001). As part of the permit modification, ISG is requesting that a coal usage limitation taken in 1994 to avoid the Prevention of Significant Deterioration (PSD) rules be increased. In accordance with 40 C.F.R. § 52.21(r)(4), if a past permit modification becomes major solely by virtue of a relaxation in any enforceable limitation, then the requirements of PSD must be applied as though construction had not yet commenced on the past modification. ISG claims that the original netting analysis erroneously overestimated the nitrogen oxide emissions from the blast furnace granulated injection system dryers. According to ISG, correcting this error will allow the source to re-evaluate the 1994 netting analysis and to increase the coal usage limit without increasing emissions above the PSD threshold.

It is USEPA's position to allow a source to re-evaluate a past netting analysis if it is been determined that an error has occurred in the calculation. It is also USEPA's position that, upon re-evaluating a past netting analysis, the entire netting analysis will become subject to a thorough review to determine if other errors may have occurred.

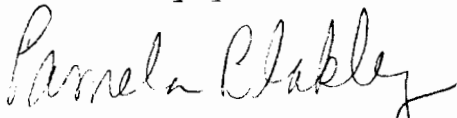
In reviewing the 1994 netting analysis, our office has discovered several errors. The most significant error is ISG's use of source-specific allowable sulfur dioxide (SO₂)

emissions under 40 C.F.R. § 52.21(b)(21)(iii) to calculate its past actual emissions. ISG, however, should have used the past actual emission approach prescribed by 40 C.F.R. §52.21(b)(21)(ii). USEPA believes that the provision ISG relied upon is only for those situations where there is insufficient representative operating data to determine historical actual emissions. See, e.g., [the Draft New Source Review Workshop Manual (p.41)]. USEPA believes that actual historic data for ISG was available to calculate its past actual SO2 emissions.

In conclusion, it is our position that there were errors made in the original 1994 netting analysis that will affect the netting re-evaluation in the current proposed permit modification. Because of these past errors, IDEM will need to evaluate whether this current proposed permit modification will cause the facility to become major for SO2, as well as other pollutants, and result in a full PSD analysis. We will be happy to work with you to resolve this particular issue and to address other concerns we have with the 1994 netting analysis at your convenience.

If you have any concerns or questions please feel free to contact Ethan Chatfield, of my staff, at (312) 886-5112.

Sincerely yours,

A handwritten signature in cursive script, reading "Pamela Blakley".

Pamela Blakley, Chief
Air Permits Section